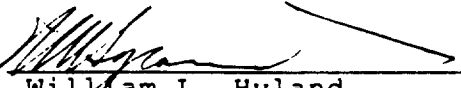


SECTION 15. The Trustee hereby accepts the trust established by this Trust Agreement on the terms and conditions herein set forth. The Trustee represents and covenants that it will comply with all applicable laws in the exercise of its rights and the performance of its obligations hereunder.

SECTION 16. This Trust Agreement shall be administered and construed according to the laws of the State of Connecticut, except as may otherwise be required by Federal law.

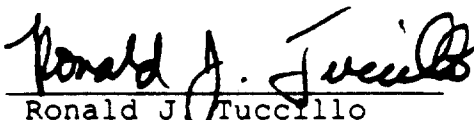
IN WITNESS WHEREOF, this Trust Agreement has been executed by GTE SERVICE CORPORATION, and its corporate seal affixed and attested, by its officers thereunto duly authorized, and by STATE STREET BANK AND TRUST COMPANY, and its corporate seal affixed and attested, by its officers thereunto duly authorized, as of the day and year first above written.

GTE SERVICE CORPORATION

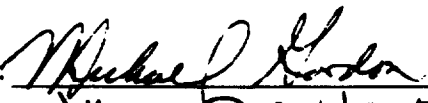
By: 
William L. Hyland
Vice President - Insurance

(Corporate Seal)

Attest:


By: 
Ronald J. Tuccillo
Assistant Secretary

STATE STREET BANK AND TRUST
COMPANY

By: 
Vice President

(Corporate Seal)

Attest:

By: 
Assistant Secretary

ATTACHMENT V

BARGAINED VEBA FUNDING HISTORY

**GTE TELEPHONE OPERATIONS
Bargained VEBA Funding History**

09-Aug-95
10:39 AM
EXHIBIT V

Bargaining Unit		State	1991 Contributions	1992 Contributions	1993 Contributions	Total Contributions
Advanced Systems	IBEW 543	California	0	0	5,000	5,000
Kentucky	IBEW 453	Kentucky	0	50,000	50,000	100,000
West Virginia\Virginia	CWA 2276	West Virginia	0	0	5,000	5,000
West Virginia\Virginia	CWA 2276	Virginia	0	0	5,000	5,000
Contel of Virginia	CWA 2275	Virginia	0	0	75,000	75,000
Indiana - Contel	IBEW 723	Indiana	0	0	21,000	21,000
Indiana - Contel	IBEW 1393	Indiana	0	0	2,000	2,000
Indiana	USA/CID	Indiana	0	3,000	2,000	5,000
Missouri	CWA 6301,6373	Missouri	0	0	6,000	6,000
Contel of Midwest	CWA 6312,6311	Missouri	0	0	50,000	50,000
Illinois	IAM & AW	Illinois	0	50,000	3,000	53,000
Contel Illinois	IBEW	Illinois	0	4,000	35,000	39,000
GTECC	IBEW 824	Florida	0	28,000	2,000	28,000
Florida	IBEW 824	Florida	0	0	150,000	150,000
New York	CWA 1111	New York	0	0	5,000	5,000
Contel NY\Vermont	IBEW 363,1725	New York	0	3,000	55,000	58,000
Contel NY\Vermont	IBEW 2325	Vermont	0	3,000	10,000	13,000
Iowa	IBEW 204	Iowa	0	0	2,000	2,000
Nebraska	IBEW 204	Nebraska	0	0	2,000	2,000
GTE Supply	-	-	0	0	2,000	2,000
Contel Southwest	IBEW 57	Utah	0	0	5,000	5,000
Contel NM\AZ	CWA 7019	New Mexico	0	0	3,000	3,000
Contel NM\AZ	CWA 7019	Arizona	0	0	5,000	5,000
GTE Southwest	CWA 6171	Texas	0	0	150,000	150,000
GTE Southwest	CWA 6171	New Mexico	0	0	3,000	3,000
GTE Southwest	CWA 6171	Arkansas	0	0	7,000	7,000
GTE Pennsylvania	IBEW 1636	Pennsylvania	0	0	1,000	1,000
GTE Northwest	CWA 7670	Idaho	0	0	43,000	43,000
GTE Northwest	CWA 7670	Montana	0	0	5,000	5,000
GTE Northwest	CWA 7670	Washington	0	0	27,000	27,000
GTE Northwest	IBEW 89	Washington	0	0	14,000	14,000
GTE Midwest	CWA 7172,7471	Iowa	0	0	20,000	20,000
GTE Midwest	CWA 7172,7471	Nebraska	0	0	7,000	7,000
Alabama	CWA 3971,3972	Alabama	0	0	10,000	10,000
Contel Alabama	CWA 3974	Alabama	0	0	5,000	5,000
Customer Network	IBEW 543	-	0	0	5,000	5,000
Contel of North Dakota	IBEW 949,1716	North Dakota	0	2,000	0	2,000
Contel of Iowa\Nebraska	IBEW 204	Iowa	0	1,000	0	1,000
Contel of Iowa\Nebraska	IBEW 204	Nebraska	0	1,000	0	1,000
GTE South - Durham	IBEW	North Carolina	1,766,145	0	0	1,766,145
GTE South	IBEW	Georgia	930,556	0	0	930,556
GTEL	CWA	CWA	1,160,678	0	0	1,160,678
GTE North	CWA	Indiana	2,244,395	0	0	2,244,395
GTE South	CWA	Kentucky	3,256,161	0	0	3,256,161
GTE South - Monroe	CWA	North Carolina	128,309	0	0	128,309
GTE North	IBEW	Ohio	1,708,534	0	0	1,708,534
GTE North	IBEW	Michigan	3,445,890	0	0	3,445,890
GTE South	IBEW	West Virginia	306,008	0	0	306,008
Contel of North Carolina	CWA	North Carolina	864,044	0	0	864,044
GTE South	IBEW	South Carolina	1,333,149	0	0	1,333,149
GTE North	IBEW	Illinois	3,333,536	0	0	3,333,536
GTE North	IBEW	Indiana	2,167,710	0	0	2,167,710
GTE North	IBEW	Missouri	296,276	0	0	296,276
California	CWA	California	27,134,501	0	42,093,000	69,217,501
Contel of California	CWA 9477,9406	California	0	0	1,365,535	1,365,535
Contel of California	IBEW 543	California	0	0	10,434,465	10,434,465
Hawaii	IBEW 1357	Hawaii	0	10,800,000	13,100,000	23,700,000
Tennessee	IBEW 1067	Tennessee	0	16,000	900,000	916,000
Contel Arkansas	CWA 6573	Arkansas	0	0	1,400,000	1,400,000
GTE Northwest	IBEW 89	Oregon	0	0	2,200,000	2,200,000
Contel Northwest	IBEW 89	Oregon	0	0	400,000	400,000
Wisconsin	CWA 7177	Wisconsin	0	0	4,300,000	4,300,000
Contel Minnesota	IBEW 949,1716	Minnesota	659,590	85,610	1,600,000	2,245,200
GTE Southwest	CWA 6171	Oklahoma	0	0	1,500,000	1,500,000
Totals			50,725,482	10,844,610	79,980,000	141,550,092

Prefunding Contributions are boldfaced. Other amounts represent reimbursement for current year claims payments made from the trust.

ATTACHMENT VI

GTE COMPENSATION PER EMPLOYEE

**GTE Compensation per Employee *
Tier 1 Entities Only**

EXHIBIT VI

	<u>1992</u>	<u>1993</u>
A. Expensed Wages and Salaries (\$000) **	\$2,335,751	\$2,257,979
Expensed % of Wages	83.12%	83.12%
Capital % of Wages ***	16.88%	16.88%
Total Wages and Salaries (\$000)	\$2,810,095	\$2,716,529
B. Benefits (\$000) ****	\$337,801	\$652,982
Expensed % of Benefits	83.12%	83.12%
Capital % of Benefits ***	16.88%	16.88%
Total Benefits (\$000)	\$406,402	\$785,590
C. Total Compensation (A) + (B)	\$2,742,153	\$3,043,569
D. SFAS-106 Amount in (B) (\$000) *****	-----	\$314,847
E. Employees at End of Year *****	70,040	63,040
F. Compensation per Emp. (\$) (C)/(E)	\$39,151	\$48,280
G. Percent Change from Prior Year		23.32%
H. Benefits as % of Total Comp.	14.82%	25.81%
I. SFAS-106 AS % of Total Comp.	-----	10.34%

* Includes Contel

** ARMIS 43-02, Table I-1, Income Statement Accounts, Row 720, Column (ac)

*** Attachment VII Line 7 divided by Line 5 - Line 6

**** ARMIS 43-02, Table I-1, Income Statement Accounts, Row 720, Column (ad)

***** Attachment VII Lines 1 + 2 + 3 less nontier one entities = \$657,721 times
 the regulated percentage of 89%.

***** ARMIS 43-02, Table I-1, Income Statement Amounts, Row 830, Column (bb)

ATTACHMENT VII

SUMMARY OF EXOGENOUS OPEB COSTS

SUMMARY OF EXOGENOUS OPEB COSTS (000 OMITTED)

LINE NO.	EXPENSE IMPACT OF SFAS 106 ADOPTION	GTE TELEPHONE OPERATING COMPANY
1	AMORTIZATION OF TRANSITION BENEFIT OBLIGATION	110,005
2	INTEREST COST	177,340
3	RETURN ON PLAN ASSETS	(7,813)
4	PAY-AS-YOU-GO EXPENSE	<u>(68,816)</u>
5	INCREMENTAL FAS-106 EXPENSE	210,716
	LESS:	
6	-AMOUNT ASSIGNED TO NONREGULATED OPS. (86-111)	(27,327)
7	-REGULATED AMOUNT TO BE CAPITALIZED	<u>(30,952)</u>
8	SUBTOTAL	152,437
9	AMOUNT NOT REFLECTED IN GNP-PI PER GODWINS STUDY	<u>84.8%</u>
10	AMOUNT SUBJECT TO SEPARATIONS (L8 X L9)	129,267
11	AVERAGE INTERSTATE ACCESS FACTOR	21.01298%
12	INTERSTATE ACCESS EXPENSE RESULTING FROM ADOPTION OF SFAS 106 (L10 X L11)	<u>27,163</u>
	RATE BASE IMPACT OF SFAS 106 ADOPTION	
13	CAPITALIZED PORTION OF EXPENSE (L7)	30,952
14	UNFUNDED LIABILITY (L8)	(152,437)
15	DEFERRED TAX IMPACT	<u>42,969</u>
16	NET RATE BASE IMPACT SUBJECT TO SEPARATIONS	(78,516)
17	AVERAGE INTERSTATE ACCESS FACTOR	<u>22.62810%</u>
18	INTERSTATE ACCESS RATE BASE IMPACTS (L16 X L17)	(17,767)
19	AUTHORIZED INTERSTATE ACCESS ROR	<u>11.25%</u>
20	NET INCOME EFFECT OF RATE BASE IMPACTS (L18 X L19)	(1,999)
21	GROSS TO NET MULTIPLIER	<u>1.4784</u>
22	REVENUE REQUIREMENT OF RATE BASE IMPACTS OF SFAS 106 ADOPTION (L20 X L21)	(2,955)
23	AMOUNT NOT REFLECTED IN GNP-PI PER GODWINS STUDY	<u>84.8%</u>
24	RECOVERY OF RATE BASE SOUGHT (INTERSTATE ACCESS)	(2,506)
25	RECOVERY OF EXPENSE SOUGHT (INTERSTATE ACCESS) (L12)	<u>27,163</u>
26	NET RECOVERY SOUGHT (INTERSTATE ACCESS) DUE TO IMPLEMENTATION OF SFAS 106	<u>24,657</u>

NOTE: LINES 11, 17, AND 21 ARE COMPOSITE FACTORS BASED UPON THE TOTAL STUDY AREA RESULTS.


SUMMARY OF EXOGENOUS OPEB COSTS (000 OMITTED)

LINE NO.	EXPENSE IMPACT OF SFAS 106 ADOPTION	GTE SYSTEM TELEPHONE COMPANY
1	AMORTIZATION OF TRANSITION BENEFIT OBLIGATION	33,773
2	INTEREST COST	58,964
3	RETURN ON PLAN ASSETS	(1,178)
4	PAY-AS-YOU-GO EXPENSE	<u>(47,014)</u>
5	INCREMENTAL FAS-106 EXPENSE	44,545
6	LESS:	
6	-AMOUNT ASSIGNED TO NONREGULATED OPS. (86-111)	(812)
7	-REGULATED AMOUNT TO BE CAPITALIZED	<u>(8,323)</u>
8	SUBTOTAL	35,410
9	AMOUNT NOT REFLECTED IN GNP-PI PER GODWINS STUDY	<u>84.8%</u>
10	AMOUNT SUBJECT TO SEPARATIONS (L8 X L9)	30,028
11	AVERAGE INTERSTATE ACCESS FACTOR	21.69050%
12	INTERSTATE ACCESS EXPENSE RESULTING FROM ADOPTION OF SFAS 106 (L10 X L11)	<u>6,513</u>
	<u>RATE BASE IMPACT OF SFAS 106 ADOPTION</u>	
13	CAPITALIZED PORTION OF EXPENSE (L7)	8,323
14	UNFUNDED LIABILITY (L8)	(35,410)
15	DEFERRED TAX IMPACT	<u>10,796</u>
16	NET RATE BASE IMPACT SUBJECT TO SEPARATIONS	(16,291)
17	AVERAGE INTERSTATE ACCESS FACTOR	<u>25.01070%</u>
18	INTERSTATE ACCESS RATE BASE IMPACTS (L16 X L17)	(4,074)
19	AUTHORIZED INTERSTATE ACCESS ROR	<u>11.25%</u>
20	NET INCOME EFFECT OF RATE BASE IMPACTS (L18 X L19)	(458)
21	GROSS TO NET MULTIPLIER	<u>1.4991</u>
22	REVENUE REQUIREMENT OF RATE BASE IMPACTS OF SFAS 106 ADOPTION (L20 X L21)	(687)
23	AMOUNT NOT REFLECTED IN GNP-PI PER GODWINS STUDY	<u>84.8%</u>
24	RECOVERY OF RATE BASE SOUGHT (INTERSTATE ACCESS)	(583)
25	RECOVERY OF EXPENSE SOUGHT (INTERSTATE ACCESS) (L12)	<u>6,513</u>
26	NET RECOVERY SOUGHT (INTERSTATE ACCESS) DUE TO IMPLEMENTATION OF SFAS 106	<u>5,930</u>

NOTE: LINES 11, 17, AND 21 ARE COMPOSITE FACTORS BASED UPON THE TOTAL STUDY AREA RESULTS.

Certificate of Service

I, Judy R. Quinlan, hereby certify that copies of the foregoing "GTE's Direct Case" have been mailed by first class United States mail, postage prepaid, on the 14th day of August, 1995 to the parties on the enclosed list.



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